

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: OFFICE OF CONSUMER ADVOCATE, Complainant, vs. REDUCED RATE LONG DISTANCE, L.L.C., Respondent.	DOCKET NO. FCU-04-27
--	----------------------

**ORDER DOCKETING FOR FORMAL PROCEEDING AND
SETTING DEADLINE FOR RESPONSE**

(Issued June 29, 2004)

On May 24, 2004, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed with the Utilities Board (Board) a petition for a proceeding to consider a civil penalty pursuant to Iowa Code § 476.103 (2003), asking that the Board review the proposed resolution in C-04-108, involving Reduced Rate Long Distance, L.L.C. (Reduced Rate), and consider the possibility of assessing a civil penalty pursuant to Iowa Code § 476.103(4)"a." Based upon the record assembled in the informal complaint proceedings (which are a part of the record in this proceeding pursuant to 199 IAC 6.7), it appears the events to date can be summarized as follows:

On April 15, 2004, the Board received a complaint filed by Ms. Julie Habinck of the Visiting Nurse Association of Waterloo, Iowa (VNA), alleging that VNA's long distance service was changed without authorization. Board staff identified the matter as C-04-108. The C-file contained two complaints, one identified as Docket No. FCU-04-26 involving National Access Long Distance, Inc. (National Access), and the other identified as Docket No. FCU-04-27 involving Reduced Rate. On April 23, 2004, pursuant to Board rules, Board staff forwarded the complaint to Reduced Rate and to National Access for response within ten days. Neither company responded to the complaint within the ten-day time frame.

On May 19, 2004, Board staff issued a proposed resolution describing these events and finding by default that Reduced Rate and National Access had violated the Board's rules. The proposed resolution directed both companies to fully credit all toll charges to VNA's account and to close the account. The proposed resolution also indicated that the companies were responsible for any PIC change charges VNA may have incurred and that the companies were prohibited from pursuing any collection action relating to these charges.

The Board received a response to the complaint from National Access on June 1, 2004. National Access provided a copy of the recording of the third-party verification. The response indicated that an outside call center contacted and spoke with Margery Ore, VNA's financial manager, regarding long distance. Ms. Ore completed the third-party verification process. The response also indicated that

VNA's account was closed on March 26, 2004, and was credited for \$130.63 and \$1,405.59.

Reduced Rate filed a response with the Board on June 8, 2004. The response indicated that Reduced Rate's charges were for an 800 number that VNA had not cancelled. The response indicates that Reduced Rate advised Ms. Habinck how to port the 800 number to Qwest Corporation, VNA's chosen carrier.

On June 9, 2004, the Board issued an order approving a settlement agreement and assessing civil penalties in seven formal complaints filed against National Access, including Docket No. FCU-04-26.

In its May 24, 2004, petition, Consumer Advocate asserts that a civil penalty should be imposed against Reduced Rate to deter future slamming violations. Consumer Advocate requests that the Board docket this complaint for a formal proceeding. Reduced Rate has not responded to Consumer Advocate's petition.

The Board has reviewed the record to date and finds that there is sufficient information to warrant further investigation in this matter. The Board will delay establishing a procedural schedule until July 23, 2004, and allow Reduced Rate an opportunity to respond to the allegations raised in Consumer Advocate's petition.

IT IS THEREFORE ORDERED:

1. The "Petition for Proceeding to Consider Civil Penalty" filed by the Consumer Advocate Division of the Department of Justice on May 24, 2004, is granted and docketed for formal proceeding.

2. Reduced Rate Long Distance, L.L.C., is directed to file a response to Consumer Advocate's petition on or before July 23, 2004.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 29th day of June, 2004.